

BRIEFING for SDA — New Stage 3 Tax Adjustments

Quantifying How Many Workers in Retail Trades, Fast Food and Warehousing Will Benefit

Context

- Proposed adjustments to the Stage 3 Tax Cuts package have been announced. All Australian income taxpayers will receive a tax cut. The adjustments have, however, provided more relief to lower and middle income workers.
- The main features of the changes include:
 - Adjust the tax rate in the \$18,200-45,000 bracket from 19 per cent to 16 per cent.
 - Retain the 37 per cent tax bracket, though commencing that bracket from \$135,000 instead of \$120,00 (the current pre-Stage 3 rate).
 - Reduce the top tax threshold (45 per cent) from \$200,000 (Original Stage 3 level) to \$190,000.
 - Adjust the income level at which the Medicare Levy begins to be charged, from \$24,276 to \$26,000.

Beneficiaries of the Changes

- The overall impact of the proposed changes is that all tax payers receive a tax cut as of 1 July 2024.
- **New beneficiaries:** The changes mean that every tax payer earning under \$150,000 per annum will receive a higher tax cut than under the original proposal.
- **Importantly, all workers** will now receive a tax cut, including those earning under \$45,000 per annum. This cohort would have received nothing under the original stage 3 proposal.

About This Briefing

- This briefing identifies the number of beneficiaries in the **retail, fast food and warehousing sector**.
- It identifies:
 - 1) \$18,200-\$45,000 per year, and therefore stand to receive a tax cut under the proposal which they wouldn't have otherwise had.
 - 2) The number of workers in the sector who earn above \$45,000 per year but below \$150,000 and will now receive a larger tax cut than under the original Stage 3 proposal.

Findings

- 1) How many retail, fast food and warehousing workers earning between \$18,200 and \$45,000 stand to benefit from the proposed changes?

<i>Retail Trade</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$18,200-\$45,000</i>	<i>Female</i>	<i>Male</i>
18,200-45,000	350 - 750.08	330,230	227,859	102,371
<i>Warehousing</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$18,200-\$45,000</i>	<i>Female</i>	<i>Male</i>
18,200-45,000	350 - 750.08	15,918	5,253	10,665
<i>Fast Food</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$18,200-\$45,000</i>	<i>Female</i>	<i>Male</i>
18,200-45,000	350 - 750.08	63,647	39,461	24,186
<i>Total in SDA Covered Sectors</i>			<i>Est. Female</i>	<i>Est. Male</i>
		409,795	272,573	137,222

- 2) How many retail, fast food and warehousing workers earning between \$45,000 and \$150,000 stand to benefit from the proposed changes?

<i>Retail Trade</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$45,000-\$150,000</i>	<i>Female</i>	<i>Male</i>
45,001-150,000	750.08 - \$2,045	535,800	259,700	276,100
<i>Warehousing</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$45,000-\$150,000</i>	<i>Female</i>	<i>Male</i>
45,001-150,000	750.08 - \$2,045	146,782	48,438	98,343
<i>Fast Food</i>				
<i>Annual Earnings</i>	<i>Weekly Earnings</i>	<i>Est. # Workers Earning Between \$45,000-\$150,000</i>	<i>Female</i>	<i>Male</i>
45,001-150,000	750.08 - \$2,045	178,353	110,579	67,774
<i>Total in SDA Covered Sectors</i>			<i>Est. Female</i>	<i>Est. Male</i>
		860,935	418,717	442,217

1) How many retail, fast food and warehousing workers overall stand to benefit from the proposed Stage 3 changes?

	Total	Female	Male
Earning between \$18,200 and \$45,000	409,795	272,573	137,222
Earning between \$45,001 and \$150,000	860,935	418,717	442,217
<i>Total</i>	1,270,730	691,290	579,439

Concluding Statements

- An estimated **409,795 workers** in the retail, fast food and warehousing sectors earn between \$18,200 and \$45,000 per year, **and will now receive a new tax cut because of the changes.**
- The **beneficiaries in this lower income bracket will be disproportionately female:**
 - 272,573 female workers will in SDA covered sectors will benefit from a raised TFT (67 per cent of all beneficiaries)
 - 137,222 male workers (33 per cent of all beneficiaries).
- An estimated 860,935 workers in the retail, fast food and warehousing sectors earn between \$45,001 and \$150,000 per year stand to receive a greater tax cut under the proposed Stage 3 changes than under the original plan.
- **In total, 1.271 million workers in SDA covered sectors will be beneficiaries from the changes to the Stage 3 tax cuts.**

Sources

- Author analysis of *ABS Cat. 6337.0 Employee Earnings, August 2023.*
- Author analysis of *Retail Trade; Warehousing; and Fast Food* industry data available at *Labour Market Insights*, www.labourmarketinsights.gov.au
- Parliamentary Budget Office, 2022. 'Stage 3 tax cuts distributional analysis'. 30 August 2022. <https://www.pbo.gov.au/publications-and-data/publications/costings/stage-3-tax-cuts-distributional-analysis>